

**Notice No.:** 01-006

**Date:** July 27, 2001

**Applies to:** All Employers

**Subject:** Summary of 2001 Legislation

We are providing this summary to inform you of legislation passed during the 2001 session that may impact you or your employees. This information does not offer legal interpretations or detailed instructions for bill implementation. The bills are listed in order of potential impact on you and your employees.

### **ESSB 5937—Post-Retirement Employment**

This bill allows Teachers' Retirement System (TRS) Plan 1 retirees to work for 1,500 hours per **fiscal year** and Public Employees' Retirement System (PERS) Plan 1 retirees to work for 1,500 hours per **calendar year**, after they retire, without reduction in their pension. Once a Plan 1 retiree exceeds 867 hours worked in the fiscal or calendar year, employer contributions will be owed on all hours worked in that year.

The bill also allows retirees from TRS Plan 2 and Plan 3, School Employees' Retirement System (SERS) Plan 2 and Plan 3, and PERS Plan 2 to work for 867 hours per year after they retire, without reduction in their pension.

Upon retirement, the retiree must remain retired for one full calendar month before returning to service.

These changes will require the employers to report retiree data on the monthly transmittal. This data will be required beginning with the January 2002 transmittal report. The Department of Retirement Systems (DRS) will send all employers a technical requirements and reporting procedures document no later than August 31, 2001. This document will explain what new information will be required and how to modify your DRS transmittal report to include this new information.

For more information about the specific changes in this bill, please visit the Frequently Asked Questions document on the DRS Web site at [www.wa.gov/drs/member/5937faq.htm](http://www.wa.gov/drs/member/5937faq.htm).

## **ESSB 6167—Contribution Rates**

This bill reduces the retirement plan contribution rates for employers and members of several retirement plans. Specific contribution rate changes are found in *DRS Notice 01-005*. This notice was mailed to employers on June 26, 2001 and is available on the DRS Web site at [www.wa.gov/drs/employer/drsn/drsn2001/01005.htm](http://www.wa.gov/drs/employer/drsn/drsn2001/01005.htm).

ESSB 6167 also makes changes to certain long-term economic assumptions used for valuing the retirement systems and calculating pension contribution rates. The bill adjusts the timing for adoption of contribution rates and long-term economic assumptions by the Pension Funding Council. It also reduces the number of votes required to make a change in assumptions from five to four.

## **ESB 5143—Washington State Patrol Retirement System**

ESB 5143 creates a State Patrol Plan 2 for employees commissioned on or after January 1, 2003, that is similar to Law Enforcement Officers' and Fire Fighters' (LEOFF) Plan 2. Under this bill, existing State Patrol retirement system members will receive an adjustment to their contribution rate and cost-of-living adjustment. This plan also changes how some overtime is considered as salary. The Governor signed ESB 5143 on May 9, 2001, vetoing the sections of the bill that changed disability retirement provisions.

Retirees who retired prior to and including July 1, 2000, will receive the new COLA (CPI-based up to three percent) effective July 1, 2001, and every year thereafter. Members who retired between July 1, 2000, and June 30, 2001, will receive a two percent post-retirement increase effective July 1, 2001, and a new COLA (CPI-based up to three percent) on July 1, 2002, and every year after. A member who retires after July 1, 2001, will receive the CPI-based COLA up to three percent effective the next July 1, after being a retiree for one year.

## **ESSB 6153 (section 716)—Medicare Subsidies**

Under the state's operating budget, retired or disabled public employees and school district employees who are eligible for parts A and B of Medicare under RCW 41.05.085 would receive a monthly subsidy of \$85.84 in 2002, and a monthly subsidy of \$102.55 in 2003.

## **ESSB 6153 (sections 714 and 715)—Death Benefits**

Under the state's operating budget, the estate of an employee of schools, higher education and state agencies, who dies in the line of service would receive a \$150,000 death benefit if found eligible by the Department of Labor and Industries.

## **HB 1045—LEOFF 2 Disability Age**

This bill reduces the LEOFF Retirement System Plan 2 disability actuarial reduction age from 55 to 53.

## **SHB 1214—Employee Retirement Benefits Board Composition and Duties**

This bill adds a twelfth member to the Employee Retirement Benefits Board, a deferred compensation participant, to represent the Deferred Compensation Program. The bill also clarifies duties of the Department of Retirement Systems and the State Investment Board with respect to record keeping of Plan 3 defined contribution member accounts.

### **Questions?**

If you have any questions regarding this DRS Notice, please contact Employer Support Services at (360) 664-7200 or 1-800-547-6657, or e-mail us at [DRSEmployer@DRS.wa.gov](mailto:DRSEmployer@DRS.wa.gov).

This Notice can be accessed on the DRS Web site at [www.wa.gov/DRS/employer](http://www.wa.gov/DRS/employer).

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